

TOWNSHIP OF HARTFORD
VAN BUREN COUNTY, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Hartford Township	County Van Buren County
Fiscal Year End March 31, 2006	Opinion Date August 28, 2006	Date Audit Report Submitted to State 9/12/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

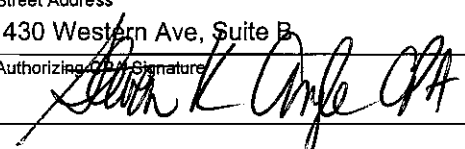
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Angle & Steffes, P.C.		Telephone Number 269-686-9050	
Street Address 430 Western Ave, Suite B		City Allegan	State MI
Zip 49010			
Authorizing Signature 		Printed Name Steven K. Angle, CPA	License Number 14653

TOWNSHIP OF HARTFORD

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INDEPENDENT AUDITOR'S REPORT

August 28, 2006

To the Township Board
Township of Hartford
Van Buren County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Hartford, Van Buren County, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hartford Township, Van Buren County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Hartford as of March 31, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis- for State and Local Governments, as of March 31, 2005.

The management's discussion and analysis and budgetary comparison information on pages 2 and 17 through 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,


Angle & Steffes P.C.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township As A Whole

The financial position of Hartford Township is positive and stable. The Primary Government's Net Assets increased by \$57,701 in the fiscal year. This increase will be used in the future to meet the commitments and obligations of the Township to its citizens.

The Township board operates on a conservative basis. Decisions on expenditures are considered carefully. This is especially important with the cuts in possible future revenue sharing from the State. Increases in the funds now will ensure that we are more positively operational in the future.

Township Funds

The General Fund pays most of the township expenses including operation of the township hall, wages and salaries, two cemeteries, a library, and fire department. Because of the conservative nature of the spending while still providing services to the residents, the General Fund rose by \$120,371 to \$599,242 at the end of the fiscal year. We also were fortunate enough to have no high expense items to surprise us.

The Road Fund is an active account in Hartford because of the amount of road work being done in the Township. Hartford has almost all of its roads paved. We levy an extra 2 mills for this service. The balance of the fund was \$104,967 and will be used in completing paving of another road this year.

The Road Fund balance shows a lower actual balance than budgeted. There was an increase in the property tax amount that was offset by the fact that the transfer of \$60,000 had not taken place yet from the General Fund to help pay for the road work. When the budget was prepared this amount was expected to be transferred but it had not actually happened at that time.

We charge for liquor inspections, yard sale permits, and building inspections including services for building code, electrical code, zoning, and mechanical code enforcement. These charges in turn pay for the services of the people employed to carry out the functions.

Outlook for the Coming Year

Because of conservative spending, the sound financial status of the funds, and the increase in property tax values, operations in the Township should continue in a positive fashion. We don't know at this time about the revenue sharing of the State. If this decreases then we will have to adjust.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions or need additional information, you are welcome to contact the supervisor.

TOWNSHIP OF HARTFORD
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2006

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$ 668,829	\$ 668,829
Investments	0	0
Receivables - net	178,273	178,273
Prepays	3,867	3,867
Capital assets - net	<u>350,738</u>	<u>350,738</u>
 Total Assets	 <u>1,201,707</u>	 <u>1,201,707</u>
LIABILITIES		
Accounts payable	0	0
Accrued and other liabilities	104,093	104,093
Noncurrent Liabilities		
Due within one year	0	0
Due in more than one year	<u>0</u>	<u>0</u>
 Total Liabilities	 <u>104,093</u>	 <u>104,093</u>
NET ASSETS		
Invested in Capital Assets		
Net of related debt	350,738	350,738
Restricted For		
Streets and highways	104,967	104,967
Public safety	13,601	13,601
Cemetery care	29,066	29,066
Unrestricted	<u>599,242</u>	<u>599,242</u>
 Total Net Assets	 <u>\$ 1,097,614</u>	 <u>\$ 1,097,614</u>

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARTFORD
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
General government	\$ 164,136	\$ 22,571	\$ 0	\$ 0	\$ (141,565)	\$ 0	\$ (141,565)
Public safety	116,065	14,600	0	0	(101,465)	0	(101,465)
Public works	125,226	0	0	0	(125,226)	0	(125,226)
Community/Economic development	15,966	790	2,493	0	(12,683)	0	(12,683)
Total Governmental Activities	421,393	37,961	2,493	0	(380,939)	0	(380,939)
Total Primary Government	\$ 421,393	\$ 37,961	\$ 2,493	\$ 0	(380,939)	0	(380,939)
General Revenues							
Property taxes					160,437	0	160,437
State-shared revenues					252,708	0	252,708
Unrestricted investment earnings					21,595	0	21,595
Rental fees					2,013	0	2,013
Miscellaneous					1,887	0	1,887
Transfers					0	0	0
Total General Revenues-Special Items and Transfers					438,640	0	438,640
Change in Net Assets					57,701	0	57,701
Net Assets-Beginning					1,039,913	0	1,039,913
Net Assets-Ending					\$ 1,097,614	\$ 0	\$ 1,097,614

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARTFORD
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2006

	General Fund	Road Fund	Non-Major Governmental Fund	Total Governmental Fund
ASSETS				
Cash and cash equivalents	\$ 639,763	\$ 0	\$ 29,066	\$ 668,829
Investments	0	0	0	0
Receivables - net	47,009	10,332	0	57,341
Due from other funds	12,696	94,635	13,601	120,932
Prepays	3,867	0	0	3,867
Total Assets	703,335	104,967	42,667	850,969
LIABILITIES				
Accounts payable	0	0	0	0
Due to other funds	104,093	0	0	104,093
Total Liabilities	104,093	0	0	104,093
FUND BALANCES				
Reserved for				
Road projects	0	104,967	0	104,967
Public safety	0	0	13,601	13,601
Cemetery care	0	0	29,066	29,066
Unreserved	599,242	0	0	599,242
Total Fund Balances	\$ 599,242	\$ 104,967	\$ 42,667	\$ 746,876

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

350,738

Net Assets of Governmental Activities

\$ 1,097,614

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARTFORD
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

March 31, 2006

	General Fund	Road Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Taxes and penalties	\$ 73,469	\$ 86,968	\$ 0	\$ 160,437
Licenses and permits	396	0	1,012	1,408
State aid	248,983	3,725	0	252,708
Contributions from local units	2,493	0	0	2,493
Charges for services	22,965	0	13,588	36,553
Interest and rentals	23,525	0	83	23,608
Other revenue	920	967	0	1,887
Total Revenues	372,751	91,660	14,683	479,094
Expenditures				
Current				
General government	156,411	0	0	156,411
Public safety	78,934	0	14,377	93,311
Public works	300	124,926	0	125,226
Health and welfare	0	0	0	0
Recreation and cultural	0	0	0	0
Community/Economic development	15,966	0	0	15,966
Capital outlay	769	0	0	769
Total Expenditures	252,380	124,926	14,377	391,683
Excess of Revenues Over (Under)				
Expenditures	120,371	(33,266)	306	87,411
Other Financing Sources (Uses)				
Transfers in	0	0	0	0
Transfers (out)	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Excess of Revenue and Other Sources Over (Under)	120,371	(33,266)	306	87,411
Expenditures and Other Uses	478,871	138,233	42,361	659,465
Fund Balance-April 1, 2005				
Fund Balance-March 31, 2006	\$ 599,242	\$ 104,967	\$ 42,667	\$ 746,876

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARTFORD
FIDUCIARY FUNDS-STATEMENT OF NET ASSETS
MARCH 31, 2006

	Agency Fund Type Tax Collection Fund	Agency Fund Type Trust & Agency Fund
ASSETS		
Cash and cash equivalents	\$ 91,991	\$ 15,492
Due from other funds	\$ 0	\$ 3,100
Due from other individuals	\$ 785	\$ 0
	<u>\$ 92,776</u>	<u>\$ 18,592</u>
LIABILITIES		
Accounts payable	\$ 0	\$ 0
Due to other funds	17,641	2,299
Due to other governmental units	75,135	16,293
	<u>\$ 92,776</u>	<u>\$ 18,592</u>

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF HARTFORD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Hartford, Van Buren County, Michigan is a general law Township. The Township operates under an elected Board/Supervisor form of government and provides the following services as authorized by its charter: public safety, highways and street, public improvements, cultural recreation, planning and zoning, and administrative services.

The accounting policies of the Township of Hartford conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**TOWNSHIP OF HARTFORD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund is a Special Revenue Fund of the Township. The Road Fund is used to account for the proceeds of specific revenue tax millages that are legally restricted to expenditures for specified purposes.

Additionally, the government reports the following non-major fund types:

The Building Inspection Fund is a Special Revenue Fund of the Township. The Building Inspection Fund is used to account for all resources of the Township's permits and licenses. The two Cemetery Funds are accountable for care of gravesites. These permanent funds allows interest earnings only to be used in the care of sites. The principal cash balance is restricted from other uses.

The Liquor Control fund accounts for resources provided by the State Liquor Commission, spent in accordance with Section 543 of the Liquor Control Code.

**TOWNSHIP OF HARTFORD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Township of Monterey does not have enterprise funds.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Finally, the government reports the following fund types:

The Trust and Agency, and Tax Collection Funds are Fiduciary Funds accountable for assets held by the Township in a trustee or agency capacity for individuals, private organizations, other governments, and/or other funds.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied each July for State Education Tax, and on each December 1 on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent in the following September and March of the following respective period, at which time penalties and interest are assessed.

**TOWNSHIP OF HARTFORD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Fire Equipment	07 to 25 years
Vehicles	03 to 05 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**TOWNSHIP OF HARTFORD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements only for the effect of the inclusion of capital assets.

Capitalized Asset Costs	\$ 770,865
Less Accumulated Depreciation	<u>(420,127)</u>
Capital Assets, net	350,738
Governmental Fund Balances	<u>746,876</u>
Net Assets of Governmental Activities	<u>\$1,097,614</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Township Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Township Board, therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, Roads etc.).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds-During the year, the Local Governmental Unit did not incur expenditures in budgeted funds which were in excess of the amounts appropriated.

Fund Deficits-The Local Governmental Unit has no accumulated fund balance deficits at this time.

**TOWNSHIP OF HARTFORD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government of federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	\$ 668,829	\$ 0	\$ 668,829

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 668,804
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	<u>25</u>
Total	<u>\$ 668,829</u>

The bank balance of the primary government's deposits is \$668,829, of which \$200,000 is covered by federal depository insurance.

**TOWNSHIP OF HARTFORD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	<u>Major Funds</u>		<u>Non-Major and Other Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Road Fund</u>		
Taxes receivable	\$ 8,714	\$ 10,332	\$ 0	\$ 19,046
State share revenues receivable	38,295	0	0	38,295
Due from other funds	12,696	94,635	13,601	120,932
Less: allowance for uncollectibles	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Receivables	<u>\$ 59,705</u>	<u>\$ 104,967</u>	<u>\$ 13,601</u>	<u>\$ 178,273</u>

**TOWNSHIP OF HARTFORD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Construction in Progress	0	0	0	0
Subtotal	0	0	0	0
Capital Assets Being Depreciated				
Buildings	219,939	0	0	219,939
Improvements other than buildings	0	0	0	0
Machinery and equipment	113,698	769	0	114,467
Vehicles	436,459	0	0	436,459
Infrastructure	0	0	0	0
Subtotal	770,096	769	0	770,865
Less Accumulated Depreciation for				
Buildings	129,029	5,496	0	134,525
Improvements other than buildings	0	0	0	0
Machinery and equipment	54,752	7,385	0	62,137
Vehicles	205,867	17,598	0	223,465
Infrastructure	0	0	0	0
Subtotal	389,648	30,479	0	420,127
Net Capital Assets Being Depreciated	380,448	(29,710)	0	350,738
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$ 380,448</u>	<u>\$ (29,710)</u>	<u>\$ 0</u>	<u>\$ 350,738</u>

The Township assets have been evaluated according to GASB 34 guidelines. The Township owns land and cemetery property where historical cost values are unknown. Fire and cemetery equipment and vehicle costs were estimated. Fire assets are co-owned with the City of Hartford. (These assets are recorded 50% of total for this purpose.) A number of assets are fully depreciated, as applicable, with unknown salvage values. The most recent asset acquisitions are recorded and depreciated.

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities

General government	\$ 7,725
Public safety	22,754
Public works	0
Economic development	0
Recreation and culture	0

Total Governmental Activities \$ 30,479

**TOWNSHIP OF HARTFORD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

<u>Due To/From Other Funds</u>		<u>Payable Fund</u>	<u>Amount</u>
<u>Receivable Fund</u>			
General	\$ 12,696	Trust & Agency	\$ (1,068)
		Tax Collection	13,764
Road Special Millage	90,491	General	90,491
Road Special Millage	4,144	Trust & Agency	267
		Tax Collection	3,877
Liquor Control	<u>13,601</u>	General	<u>13,601</u>
Total	<u>\$ 120,932</u>		<u>\$ 120,932</u>

Interfund Transfers

	<u>Transfers (Out)</u>		
<u>Transfers In</u>	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Road Special Millage Fund	\$ 0	\$ 0	\$ 0
Non-Major Governmental Fund	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

NOTE 8: JOINT FIRE DEPARTMENT AGREEMENT

Hartford Township and the City of Hartford have entered into a joint fire department agreement. The Fire Board is a joint venture and is governed by a 5 member board. The Fire Board's operating expenses are split so that the Township supports 60% of its operating budget. Capital assets are split 50/50 with the City and reported on the respective financial statements.

The most recent audit of the Hartford Fire Board was completed as of June 30, 2005. The following information is included in this report:

Cash and cash equivalents:	\$280,060	Total revenues:	144,209
Short term liabilities:	22,079	Total expenditures:	147,229
Total Net Assets:	257,981	Decrease in Net Assets:	(3,020)

REQUIRED SUPPLEMENTAL INFORMATION

**TOWNSHIP OF HARTFORD
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2006**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	\$ 478,871	\$ 478,871	\$ 478,871	\$ 0
Resources (Inflows)				
Property taxes	60,635	60,635	73,469	12,834
State aid	251,221	251,221	248,983	(2,238)
Licenses and permits	300	300	396	96
Contributions from local governments	0	0	2,493	2,493
Charges for services	16,200	16,200	22,965	6,765
Interest and rentals	2,400	2,400	23,525	21,125
Miscellaneous revenues	5,000	5,000	920	4,080
Transfers from other funds	0	0	0	0
Amounts Available for Appropriation	814,627	814,627	851,622	36,995
Charges to Appropriations (Outflows)				
General Government				
Township board	42,311	32,249	29,500	2,749
Supervisor	12,423	12,158	11,825	333
Finance	2,113	12,211	9,186	3,025
Treasurer	17,839	19,778	17,905	1,873
Assessing	14,280	16,226	16,162	64
Clerk	15,586	13,022	12,723	299
Elections	3,715	581	581	0
Other General Government				
Building and grounds	10,000	8,576	7,289	1,287
Attorney	3,100	3,100	3,070	30
Cemetery	47,770	52,576	48,170	4,406
Public Safety				
Fire	78,934	78,934	78,934	0
Public Works				
Roads/Drains	1,350	1,350	300	1,050
Health and welfare	660	660	0	660
Community/Economic development	21,173	18,683	15,966	2,717
Capital outlay	3,000	1,051	769	282
Transfers to other funds	60,000	60,000	0	60,000
Total Charges to Appropriations	334,254	331,155	252,380	78,775
Budgetary Fund Balance-March 31	<u>\$ 480,373</u>	<u>\$ 483,472</u>	<u>\$ 599,242</u>	<u>\$ 115,770</u>

**TOWNSHIP OF HARTFORD
BUDGETARY COMPARISON SCHEDULE
MAJOR ROAD FUND
YEAR ENDED MARCH 31, 2006**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 138,233	\$ 138,233	\$ 138,233	\$ 0
Resources (Inflows)				
Property taxes	72,326	72,326	86,968	14,642
State aid	0	0	3,725	3,725
Other revenue	2,000	2,000	967	(1,033)
Transfers in	60,000	60,000	0	(60,000)
Amounts Available for Appropriation	<u>272,559</u>	<u>272,559</u>	<u>229,893</u>	<u>(42,666)</u>
Charges to Appropriation (Outflows)				
Public Works				
Roads	<u>134,326</u>	<u>134,326</u>	<u>124,926</u>	<u>9,400</u>
Total Charges to Appropriations	<u>134,326</u>	<u>134,326</u>	<u>124,926</u>	<u>9,400</u>
Budgetary Fund Balance-March 31	<u>\$ 138,233</u>	<u>\$ 138,233</u>	<u>\$ 104,967</u>	<u>\$ (33,266)</u>

ADDITIONAL INFORMATION

**TOWNSHIP OF HARTFORD
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2006**

	Special Revenue Funds					Total Non-Major Governmental Funds
	Cemetery Trust	Perpetual Care	Liquor Control	Building Inspection		
Assets						
Cash and cash equivalents	\$ 24,809	\$ 4,257	\$ 0	\$ 0	\$ 0	\$ 29,066
Investments	0	0	0	0	0	0
Receivables - net	0	0	0	0	0	0
Due from other funds	0	0	13,601	0	0	13,601
Total Assets	\$ 24,809	\$ 4,257	\$ 13,601	\$ 0	\$ 0	\$ 42,667
Liabilities and Fund Equity						
Liabilities						
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Due to other funds	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0
Fund Balance						
Reserved	24,809	4,257	13,601	0	0	42,667
Unreserved	0	0	0	0	0	0
Total Fund Equity	24,809	4,257	13,601	0	0	42,667
Total Liabilities and Fund Equity	\$ 24,809	\$ 4,257	\$ 13,601	\$ 0	\$ 0	\$ 42,667

TOWNSHIP OF HARTFORD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2006

	Cemetery Trust	Perpetual Care	Liquor Control	Building Inspection	Total Non-Major Governmental Funds
Revenues					
Taxes and penalties	\$ 0	\$ 0	0	\$ 0	\$ 0
Licenses and permits	0	0	1,012	13,588	14,600
Charges for services	0	0	0	0	0
Interest	0	83	0	0	83
Total Revenues	0	83	1,012	13,588	14,683
Expenditures					
Current					
Public safety	0	0	789	13,588	14,377
Health and welfare	0	0	0	0	0
Capital outlay	0	0	0	0	0
Total Expenditures	0	0	789	13,588	14,377
Excess of Revenues Over (Under)	0	83	223	0	306
Other Financing Sources (Uses)					
Operating transfers in	0	0	0	0	0
Operating transfers (out)	0	0	0	0	0
Total Other Financing Sources (Us)	0	0	0	0	0
Excess of Revenue and Other Sou (Under) Expenditures and Other	0	83	223	0	306
Fund Balance-April 1, 2005	24,809	4,174	13,378	0	42,361
Fund Balance-March 31, 2006	\$ 24,809	\$ 4,257	\$ 13,601	\$ 0	\$ 42,667

ANGLE & STEFFES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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430 WESTERN AVENUE, SUITE B
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August 28, 2006

In planning and performing the audit of the Financial Statements of the Township of Hartford for the year ended March 31, 2006, we considered the Township's internal control structure to determine audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of a few matters, presenting an opportunity to strengthen internal control and increase operating efficiency. We offer the following items for your consideration.

Uninsured Funds

As of the audit date of March 31, 2006, the Township held all of its bank accounts in one bank, National City Bank, with a total of \$468,829 in governmental funds over the federally insured level. We recommend that no more than \$200,000 be maintained in any one bank, \$100,000 limit each in savings and demand accounts, to avoid risk of uninsured losses that may occur. We are aware that, subsequent to the audit date, funds were moved to additional banks. Please re-evaluate this recent transfer so that funds are spread between multiple banks, and that the funds are balanced between demand and interest-bearing savings accounts in each bank.

Trust & Agency Fund

We make note that the Township's fiduciary account, Trust & Agency, had held tax collections from trailer tax and personal property tax from prior years. We also make note that in the year of audit, the account balances were investigated and resolved for all remaining tax balances. Final payments are being made at this time. We appreciate the investigative efforts to resolve the account activity. The \$27,000 balance has been investigated and resolved - payments disbursed to local schools, Van Buren County and the Township funds as appropriate. Current collection procedures are felt to be intact, with current funds being disbursed on a timely basis to applicable governmental units.

GASB 34 Conversion

The Township's conversion of its accounting records to GASB 34 was completed in the previous fiscal year ended March 31, 2005. We appreciate the Township officials' assistance and co-operation during the accounting and reporting conversions.

General

In general the internal control systems of the Township are good and functioning properly. The comments noted above will help the Township strengthen the existing controls and will help provide greater accountability to residents of the Township. We greatly appreciate the help and cooperation given us by all Township employees and officials.

Respectfully submitted,


Angle & Steffes, P.C.
Certified Public Accountants